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HUD HUMAN CAPITAL MANAGEMENT

Comprehensive Strategic Workforce Planning Needed



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Abbreviations

GS	General Schedule
HUD	Department of Housing and Urban Development
IG	Inspector General
NAPA	National Academy of Public Administration
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PIH	Public and Indian Housing
REAP	Resource Estimation and Allocation Process



**United States General Accounting Office
Washington, DC 20548**

July 24, 2002

The Honorable Paul S. Sarbanes
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Jack Reed
Chairman
Subcommittee on Housing and Transportation
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Wayne Allard
Ranking Minority Member
Subcommittee on Housing and Transportation
Committee on Banking, Housing, and Urban Affairs
United States Senate

Human capital management issues at the Department of Housing and Urban Development (HUD) are an immediate concern. Looming retirements in the next 5 years suggested by current demographics have brought the need for workforce planning to the forefront. By workforce planning we mean the strategy used to identify current and future human capital needs—including size and deployment of the workforce and the knowledge, skills, and abilities needed to pursue the HUD mission. This includes recruiting and hiring the workforce of the future. By August 2003, HUD estimates that about half of its professional workforce will be eligible to retire. According to its Human Resources officials, HUD is faced with a need for a large-scale recruiting and hiring effort due to the above retirement statistics and the fact that HUD has done little outside hiring in the past 10 or more years.

You asked us to study workforce planning, recruiting, and hiring issues as part of our response to your broad request for a series of GAO reports on

what HUD could do to improve its management.¹ In response, we agreed to assess department wide policies and practices and their effect on some of HUD's field locations and professional staff in the Public and Indian Housing (PIH) component of HUD. We selected PIH because it is a large HUD component responsible for administering rental assistance programs that we have designated as being at a high risk of vulnerability to waste, fraud, abuse, and mismanagement.² Specifically, we agreed to determine the following: (1) what HUD has done to implement the use of workforce planning to guide recruiting and hiring, and (2) how PIH managers and staff believe workforce planning issues affect PIH's ability to meet its mission and to provide service to its customers.

To address our objectives, we analyzed documentation, including HUD's workforce demographics studies; staffing information from its Resource Estimation and Allocation Process (REAP); and related HUD Inspector General (IG) reports. We interviewed headquarters Human Resource and PIH officials and completed structured interviews with managers and staff at four PIH field locations: public housing offices in Philadelphia, Pennsylvania; Jacksonville, Florida; and San Francisco, California; and an office of Native American programs in Phoenix, Arizona. We also visited several PIH-directed centers that HUD established, beginning in 1997 as part of its 2020 management reform effort, to consolidate and streamline some operations that had previously been done in HUD's field offices. Our scope and methodology are discussed in greater detail at the end of this report.

Results in Brief

HUD has undertaken some workforce planning and has determined how many staff it needs to meet its current workload, but it does not have a comprehensive strategic workforce plan to guide its recruiting, hiring, and other key human capital efforts. Workforce planning steps taken thus far

¹ In response to this request, we also have issued reports on the status of HUD management reforms and HUD's information technology acquisition efforts. U.S. General Accounting Office, *HUD Management: Progress Made on Management Reforms, but Challenges Remain*, GAO-02-45 (Washington, D.C. Oct. 31, 2001). U.S. General Accounting Office, *HUD Information Systems: Immature Software Acquisition Capability Increases Project Risks*, GAO-01-962 (Washington, D.C., Sept. 14, 2001).

² PIH is one of HUD's largest components with about 1,600 employees as of May 2002. PIH is responsible for providing oversight and assistance to over 3,000 public housing authorities across the country. In addition, its Office of Native American Programs implements and administers HUD programs that are specific to Native Americans. See appendix I for PIH's organization chart.

include a detailed analysis of HUD's potential staff losses due to retirement and completion of HUD's resource estimation and allocation process, which estimates the staff needed to handle the current workload in each office. Elements that we have said are necessary for comprehensive workforce planning, but are missing from HUD's workforce planning, include an analysis of what work its staff should be doing now and in the future; the knowledge, skills, and abilities needed by staff to do this work; the appropriate staff deployment across the organization; and strategies for identifying and filling gaps.³ As a result, HUD is not as prepared as it could be to address its human capital challenges and to recruit and hire the staff needed to pursue its mission. HUD's workforce planning effort is currently focused on responding to major human capital deficiencies that the Office of Management and Budget (OMB) identified in its 2001 baseline evaluation of HUD's human capital management as part of the President's agenda for improving the government's performance. This effort is focused on specific initiatives such as reducing the number of HUD managers and supervisors and does not consider the broader elements of workforce planning that we have endorsed. In addition to the OMB-directed effort, HUD is moving forward with an internship program that officials said could be used to train new hires for a variety of positions likely to be affected by upcoming retirements. While the internship program may help HUD over the longer term if interns are converted to permanent employees, without more comprehensive planning it is not possible to determine how this will enable HUD to recruit and hire the staff needed to do the work necessary to pursue its mission.

Some of the PIH managers and staff we interviewed reported that the lack of workforce planning makes it difficult to accomplish several mission-related activities and provide service to its customers. The workforce planning issue of greatest concern for PIH managers and staff is the staffing shortage. Directors of several public housing and Native American program field offices, who were staffed at less than 90 percent of the recommended staffing level when we conducted our review, said that they lack the staff to provide the level of oversight and technical assistance that the housing authorities need. For example, a field office director said that his staff never has enough time to do all of the technical assistance that needs to be done, and that current workload and staffing levels do not

³ U.S. General Accounting Office, *High Risk Series: An Update*, GAO-01-263 (Washington, D.C.: January 2001).

allow time for the number of reviews of housing authority operations that should be conducted. Although the field office directors we interviewed said that they were meeting the goal of using risk assessment techniques to focus oversight efforts, they lacked a standard method of assigning levels of oversight based on risk. According to field office directors, staffing shortages are exacerbated by skill gaps and uncertainties about what work should be done and the best mix of staff knowledge, skills, and abilities to do it. Field office directors said that current skill gaps exist in the areas of facilities management, real estate development, and financing. They also said that they expect the skill gaps to worsen over the next several years because of retirements of knowledgeable staff. Because HUD lacks a comprehensive strategic workforce plan, some PIH managers and staff we interviewed were uncertain about what work should be done and the best mix of staff knowledge, skills, and abilities to do it.

We are recommending that the Secretary of HUD develop a more comprehensive workforce plan.

In commenting on a draft of this report, the HUD Assistant Secretary for Administration said that HUD recognizes the need for additional workforce planning, as we recommended, and did not disagree with our report. She also provided information on several HUD efforts to improve its strategic workforce planning, enhance training, and deploy staff in offices where their skills best meet program needs. HUD's comments are reprinted in appendix II.

Background

For many years, HUD has been the subject of sustained criticism for management and oversight weaknesses that have made it vulnerable to fraud, waste, abuse, and mismanagement. In 1994, we designated all of HUD's programs as high risk because of four long-standing management deficiencies: weak internal controls; inadequate information and financial management systems; an ineffective organizational structure, including a fundamental lack of management accountability and responsibility; and an insufficient mix of staff with the proper skills. HUD undertook reorganization and downsizing efforts in 1993 and 1994; and its 2020 Management Reform Plan that was announced in 1997, was the effort intended to finally resolve its managerial and operational deficiencies, among other things. HUD also said one of the purposes of its plan was to ensure HUD's relevance and effectiveness into the twenty-first century.

HUD's 2020 Management Reform Plan was a complex and wide-ranging plan to change the negative perception of the agency by updating its mission and focusing its energy and resources on eliminating fraud, waste, and abuse in its programs. The reform plan presented two interrelated missions for HUD: (1) empower people and communities to improve themselves and succeed in the modern economy, and (2) restore public trust by achieving and demonstrating competence. With these two missions, HUD's goals were to become more collaborative with its partners; move from process-oriented activities to an emphasis on performance and product delivery; and develop a culture within HUD of zero tolerance for waste, fraud, and abuse.

As part of the 2020 plan, HUD was to refocus and retrain its staff to ensure it had the skills and resources where needed. HUD planned to reduce staffing from 10,500 at the end of fiscal year 1996 to 7,500 by fiscal year 2002 through buyouts, attrition, and outplacement services. However, we found that the staffing target was not based on a systematic workload analysis, and we questioned whether HUD would have the capacity to carry out its responsibilities once the reforms were in place.⁴ HUD reduced staffing to about 9,000 full-time positions by March 1998, when the downsizing effort was terminated. During fiscal year 1999, HUD substantially completed its reorganization under the 2020 Management Reform Plan.

In September 2000, we testified on HUD's progress in addressing its major management challenges as it tried to transform itself from a federal agency whose major programs were designated "high risk."⁵ In January 2001, we recognized that HUD's top management had given high priority to implementing the 2020 Management Reform Plan.⁶ Considering HUD's progress toward improving its operations through the management reform plan and consistent with our criteria for determining high risk, we reduced the number of programs deemed to be high risk from all HUD programs to

⁴ U.S. General Accounting Office, *HUD Management: Progress Made on Management Reforms but Challenges Remain*, GAO-02-45 (Washington, D.C.: Oct. 31, 2001).

⁵ U.S. General Accounting Office, *Management Challenges: Department of Housing and Urban Development*, GAO/T-RCED-00-292 (Washington, D.C.: Sept. 26, 2000).

⁶ U.S. General Accounting Office, *Major Management Challenges and Program Risks: Department of Housing and Urban Development*, GAO-01-248 (Washington, D.C.: January 2001).

two of its major program areas—single-family mortgage insurance and rental housing assistance.

In October 2001, we reported that HUD had some successes in implementing its major 2020 management reforms, but we also identified challenges that remain.⁷ We reported that some initiatives, such as consolidating and streamlining operations in new centers, had produced results; other efforts, such as improving efficiency and accountability, had been hampered by inefficient distribution of workload and other issues. Overall, we identified strategic human capital management—of which workforce planning, recruiting, and hiring are significant component—as the most pressing management challenge facing HUD.

Concerned about HUD's approach to using staff, Congress asked the National Academy of Public Administration (NAPA) to evaluate HUD's ability to develop staffing requirements based on meaningful measures and received a NAPA report on the issue in 1999. NAPA recommended that HUD adopt a management approach that bases staff estimates and allocations on the level of work and the specific location where it is to be performed. HUD made a commitment to implement this recommendation by developing its REAP in consultation with NAPA. In September 2000, the HUD IG expressed concern that the implementation of REAP had not progressed with the urgency that would have been expected for a priority status project.⁸

The human capital management challenges that HUD faces are a concern across the federal government. GAO, OMB, and the Office of Personnel Management (OPM) have challenged agencies to acquire and develop staffs whose size, skills, and deployment meet agency needs and to ensure leadership continuity and succession planning. Last year, we added strategic human capital management to our list of high-risk government programs as an area that needs attention to ensure that the national government functions in the most economic, efficient, and effective manner possible. Several of the key challenges we identified were directly related to workforce planning, recruiting, and hiring.⁹ Three of the four “human capital cornerstones” that we identified in our Model of Strategic

⁷ GAO-02-45.

⁸ HUD Inspector General Audit Memorandum, 00-PH-169-0802, Sept. 29, 2000.

⁹ GAO-01-263.

Human Capital Management¹⁰ relate directly to the challenges at HUD that this report examines. These cornerstones are as follows:

- leadership commitment to human capital management and recognition that people are important enablers of agency performance;
- strategic human capital planning in which the human capital needs of the organization and new initiatives or refinements to existing human capital approaches are reflected in strategic workforce planning documents, and decisions involving human capital management and its link to agency results are routinely supported by complete, valid, and reliable data; and
- acquiring, developing, and retaining talent using strategies that are fully integrated with needs identified through strategic and annual planning and that take advantage of appropriate administrative actions available under current laws, rules, and regulations.¹¹

In 2001, as part of the President's management agenda for improving the government's performance, OMB did a baseline evaluation of executive branch agencies' performance in five major management categories, including human capital management.¹² It scored 26 executive branch agencies as achieving green, yellow, or red levels of performance in each management dimension.¹³ For human capital management, no agency received a green status, which would have indicated that it had met all core criteria. Three of the 26 agencies evaluated received a yellow status, indicating the achievement of some, but not all, of the core criteria; and 23 agencies, including HUD, received red status, indicating that they had one or more major deficiencies in human capital management.

¹⁰ U.S. General Accounting Office, *A Model of Strategic Human Capital Management*, GAO-02-373SP (Washington, D.C.: Mar. 15, 2002) and U.S. General Accounting Office, *Human Capital: A Self-Assessment Checklist for Agency Leaders* GAO/OCG-00-14G (Washington, D.C.: September 2000).

¹¹ GAO-02-373SP. The fourth human capital cornerstone identified in this report is indirectly related to workforce planning, recruiting, and hiring. The cornerstone is the establishment of results oriented organizational cultures in which employees at all levels are given the authority they need to accomplish programmatic goals, innovation and problem-solving are encouraged, and the culture is results-oriented and externally focused.

¹² While our Model of Strategic Human Capital Management was developed independently of OMB and OPM, we provided drafts of the model for their review prior to publication to help ensure conceptual consistency.

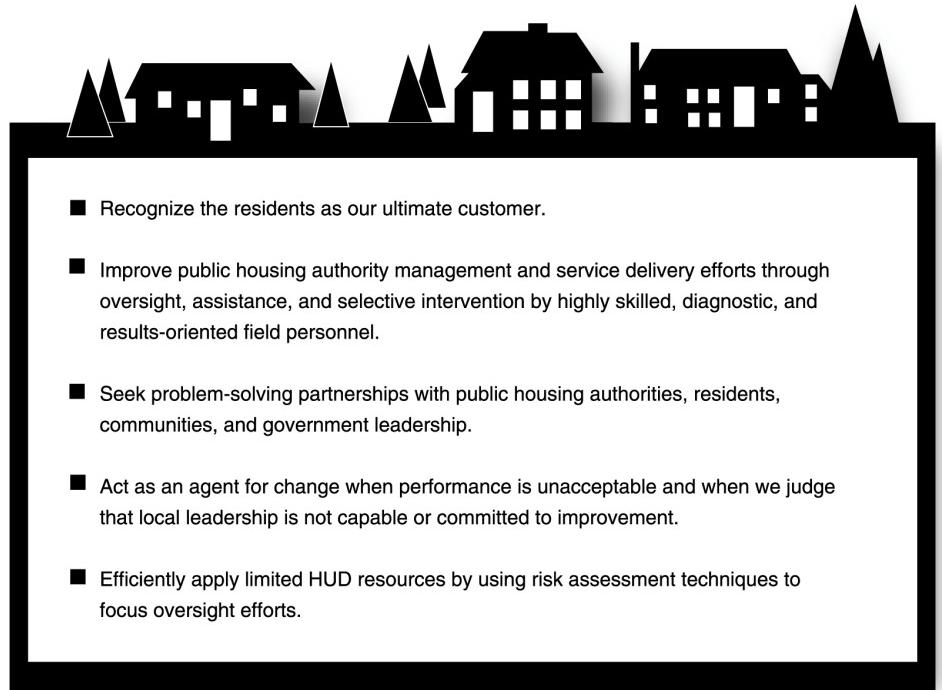
¹³ The other management areas evaluated were competitive sourcing, financial management, expanded electronic government, and budget/performance integration.

HUD currently has a staff of about 9,000 to meet its mission of promoting adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination. To meet this mission, HUD has outlined the following eight strategic goals:

- Make the home-buying process less complicated, the paperwork less demanding, and the mortgage process less expensive.
- Help families move from rental housing to homeownership.
- Improve the quality of public and assisted housing and provide more choices for their residents.
- Strengthen and expand faith-based and community partnerships that enhance communities.
- Effectively address the challenge of homelessness.
- Embrace high standards of ethics, management, and accountability.
- Ensure equal opportunity and access to housing.
- Support community and economic development efforts.

HUD's PIH office plays a major role in administering HUD's affordable rental housing programs. PIH has identified five activities to meet its mission of ensuring safe, decent, and affordable housing; create opportunities for residents' self-sufficiency and economic independence; and ensure fiscal integrity by all program participants. These mission-related activities are listed in figure 1.

Figure 1: Key PIH Mission-Related Activities

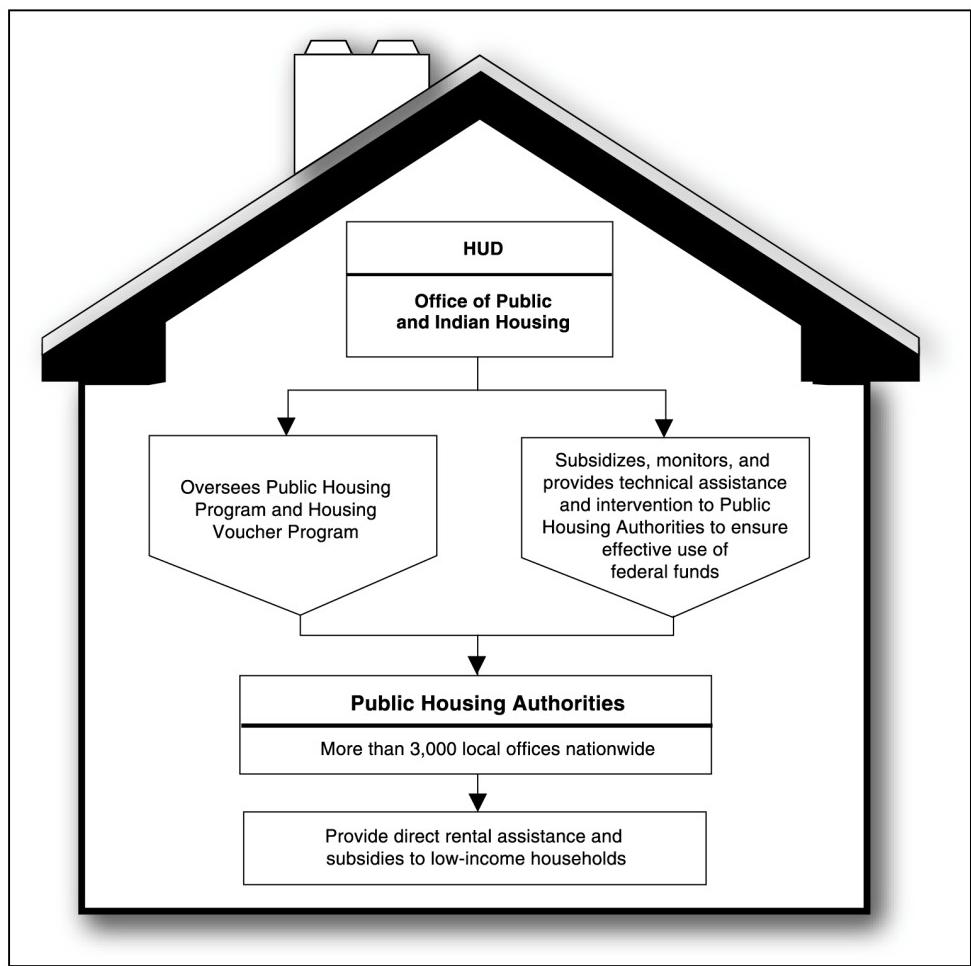


- Recognize the residents as our ultimate customer.
- Improve public housing authority management and service delivery efforts through oversight, assistance, and selective intervention by highly skilled, diagnostic, and results-oriented field personnel.
- Seek problem-solving partnerships with public housing authorities, residents, communities, and government leadership.
- Act as an agent for change when performance is unacceptable and when we judge that local leadership is not capable or committed to improvement.
- Efficiently apply limited HUD resources by using risk assessment techniques to focus oversight efforts.

Source: PIH.

PIH is responsible for oversight of the public housing program that serves about 1.2 million low-income households and the housing voucher program that serves about 1.8 million low-income households. (See fig. 2.) Public housing authorities administer both programs. Because tenants' rents typically do not cover the cost of operating public housing, PIH administers subsidies, vouchers, and other federal payments to more than 3,000 local public housing authorities. PIH also provides the housing authorities with oversight, monitoring, and technical assistance in planning, developing, and managing public housing, and intervening if problems arise with public housing authorities' delivery of services. HUD also provides funds to housing authorities for major modernization projects through the Capital Fund Program that PIH administers.

Figure 2: PIH and Public Housing Authorities—Foundation for Delivery of Housing Assistance



Source: GAO analysis of HUD data.

HUD Lacks a Comprehensive Strategic Workforce Plan to Guide Recruiting and Hiring

Although HUD has started to do workforce planning and has identified the resources required to do its current work, it does not have a comprehensive strategic workforce plan that identifies the knowledge, skills, and abilities it needs to build its workforce for the future. HUD has done a detailed analysis of its potential losses of staff to retirement; but without a complete workforce plan, HUD is not fully prepared to recruit and hire staff to pursue its mission. In the interim, HUD has begun to hire interns whom it hopes can be trained to fill positions that are likely to be affected by upcoming retirements.

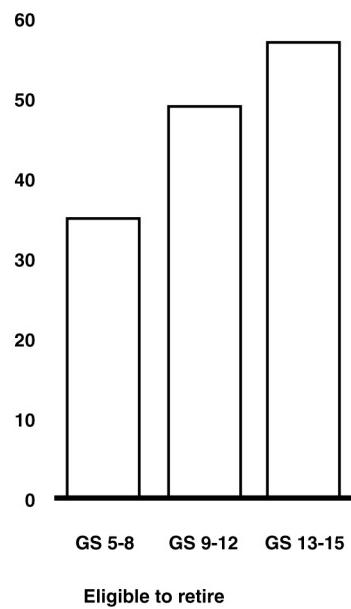
HUD Has Taken Some Workforce Planning Steps

Workforce planning steps HUD has taken thus far include completion of a detailed analysis of HUD's potential staff losses due to retirement and the REAP, which estimates the staff needed to handle the current workload in each office.

HUD has analyzed data on retirement eligibility by component office, position, and grade level. Among its findings is that by August 2003, half of its workforce in General Schedule (GS) Grades 9 through 15 will be eligible to retire. Figure 3 shows retirement eligibility by grade level.

Figure 3: HUD Staff by Grade Level Who Will Be Eligible to Retire by August 2003

70 Percentage in each grade range

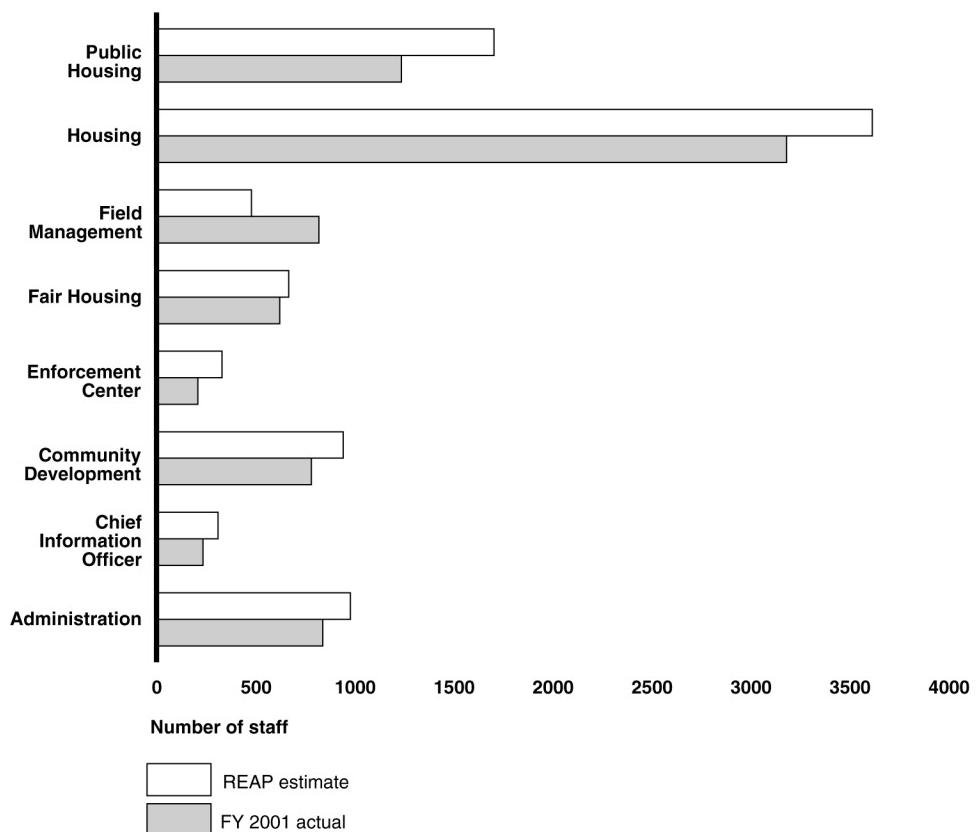


Source: GAO analysis of HUD succession planning data, August 2000.

The REAP study reviews staffing levels by component office and the tasks that staff in various job classifications are assigned. On an office-by-office basis, the REAP study looked at the number of staff on board and assigned a staff ceiling—the number of staff needed for that office based on the work the office is currently performing—and then calculated the resources required to do the work. The REAP also provides a framework for periodic validation of the data. Figure 4 compares the REAP estimated

needs for major HUD offices with the staff on board as of September 30, 2001.

Figure 4: REAP Staff Ceilings Compared with Staff On Board as of September 30, 2001



Source: GAO analysis of HUD data.

HUD Lacks a Comprehensive Workforce Plan

The compilation of data on retirement eligibilities and the REAP study are important first steps for HUD toward strategic human capital planning, but additional workforce planning steps are necessary. REAP has collected valuable information about staff levels and workload, but HUD has not done a comprehensive strategic workforce plan that includes an analysis of

- successes and shortcomings of existing human capital approaches;
- work that staff should be doing by thinking broadly of how the mission should change over the next decade;
- knowledge, skills, and abilities needed by staff to do this work;

-
- the capabilities of current staff;
 - gaps in skills, competencies, and development needs and the links between strategies for filling these gaps and mission accomplishment;
 - recruiting and hiring requirements necessary to fill the gaps; and
 - the resources required and milestones for implementation.

In its 2001 baseline evaluation of HUD's human capital management, completed as part of the President's management agenda for improving the government's performance, OMB identified the following deficiencies at HUD:

- skill gap deficiencies across the department;
- HUD's inability to sustain a high-performing workforce that is continually improving in productivity; strategically using existing personnel flexibilities, tools, and technology; and implementing succession planning; and
- human capital that is not aligned to support HUD's mission, goals, and organizational objectives.

In response, HUD issued a human capital strategic management plan in February 2002 that summarizes its plans to address the deficiencies OMB identified. The plan focused on specific goals, including reducing the number of HUD managers and supervisors and GS 14 and 15 positions; expanding personnel flexibilities, such as transit subsidies and telecommuting; and providing employee training and development to fill skill gaps. However, as of June 2002, the plan was not comprehensive enough to fully address the deficiencies outlined by OMB or the broader elements of workforce planning that we have endorsed that would involve looking carefully at what work staff should be doing now and in the future, planning for training and other staff development, and recruiting and hiring to build the workforce needed to accomplish its mission in the future.

HUD Not Fully Prepared to Recruit and Hire New Staff

Without a comprehensive strategic workforce plan, HUD is not fully prepared to recruit and hire staff to pursue its mission. We have noted that federal agencies faced with growing retirement eligibilities may have difficulty replacing the loss of skilled and experienced staff. We found that high-performing organizations address this human capital challenge by identifying their current and future needs—including the appropriate

number of employees, the key competencies for mission accomplishment, and the appropriate deployment of staff across the organization—and then create strategies for identifying and filling the gaps.¹⁴

According to HUD officials, in light of the pending retirements, HUD is faced with a need for a large-scale recruiting and hiring effort because it has done little outside hiring in more than 10 years. Some vacant positions have gone unfilled; others have been filled through lateral transfers, promotions, or the upward mobility of administrative staff into professional positions. Said one manager, “all we are doing is stealing from one another.”

As a first step in the recruiting and hiring effort, in April 2001, the Human Resource Office proposed a strategy for a HUD intern program that would recruit interns at experience levels ranging from some high school to completion of graduate or professional degrees. The program is designed to bring on new staff at support or entry levels (GS 5, 7, 9, and 11 for legal interns)—current students or people who have earned high school, college, graduate, or professional degrees that qualify them for entry-level positions. According to HUD officials, the internship program is a way to begin bringing new staff into HUD who could be trained to take over higher level positions as retirements occur. The largest component of the program is the HUD career internship program. Candidates who perform successfully for 2 years as HUD career interns, completing rotations in various parts of the organization, will be offered career professional positions with HUD. An official said that no HUD career interns were hired in fiscal year 2001, its first year of inception. However, the program is in full operation this year. The official said HUD hopes to hire 140 HUD career interns and up to 60 interns in other components of the program by the end of fiscal year 2002. As of June 2002, 64 interns had been hired or accepted offers from HUD.

The HUD internship program may be a good long-term approach for HUD as interns are converted to permanent positions and move up the career ladder. However, it does not help HUD to bring on board midcareer level employees, although its demographic analysis shows the greatest retirement eligibility is for employees in grades 13-15. (See fig. 3.) A

¹⁴ GAO-01-263.

Partnership for Public Service¹⁵ report in February 2002 looked at midcareer retirements and recruiting strategies government wide. It found that “the impending wave of federal employee retirements will have a disproportionately large impact on the mid-career ranks (GS Grades 12–15) in government,” and that “after a decade of downsizing in the federal workforce, there will likely be an insufficient number of well-qualified internal candidates to replace the retirees.” On the basis of these findings, the Partnership for Public Service recommended that the federal government expand its midlevel hiring practices to include nonfederal candidates more frequently and suggested strategies for doing so, including advertising federal jobs and their benefits more broadly to targeted audiences and removing barriers to the hiring process that unnecessarily limit vacancies to current federal employees.¹⁶

Managers and Staff Reported That the Lack of a Comprehensive Strategic Workforce Plan Sometimes Makes Accomplishing PIH’s Mission Difficult

In assessing how they believe workforce planning issues affect PIH’s ability to meet its mission, PIH managers and staff we interviewed reported that the lack of a comprehensive workforce plan makes it difficult for them to accomplish several PIH mission-related activities and provide service to their customers. The workforce planning issue of greatest concern for these PIH managers and staff is staffing shortages. The staffing shortages are exacerbated by skill gaps and uncertainties about what work should be done and the best mix of staff knowledge, skills, and abilities to do it.

Staffing Shortages Are a Workforce Planning Concern

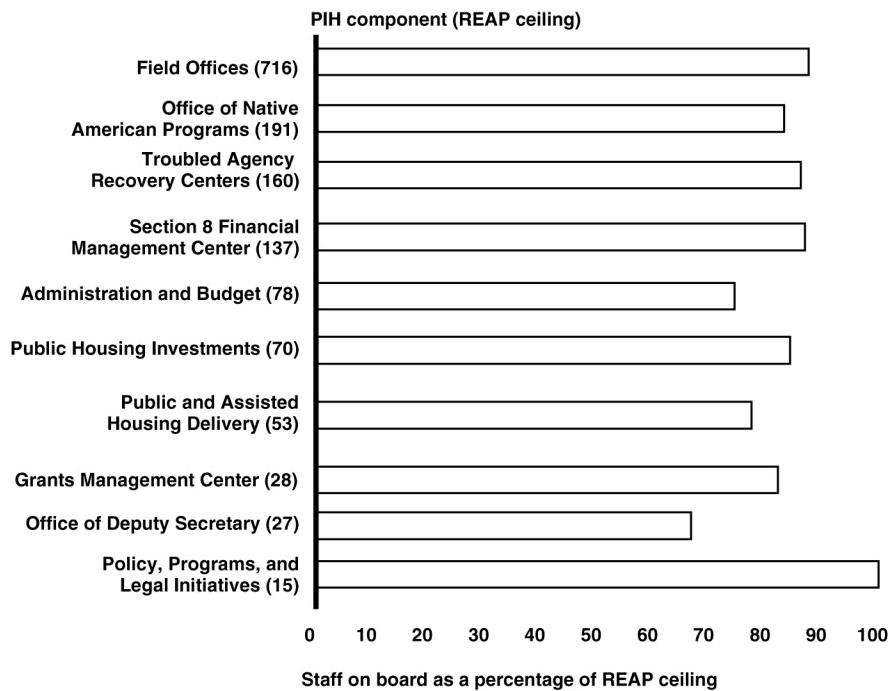
Directors of several public housing and Native American field offices said that staffing shortages prevent them from providing the level of oversight and technical assistance that the housing authorities need. As shown in figure 5, the field offices were, as of September 2001, staffed at less than 90 percent of the REAP-recommended staffing levels. As a result of these staffing shortages, the directors said that they are not able to accomplish PIH’s goals of providing effective oversight and technical assistance;

¹⁵ The Partnership for Public Service is a nonpartisan organization dedicated to revitalizing public service.

¹⁶ The Partnership for Public Service, *Midcareer Hiring in the Federal Government: A Strategy for Change*, (February 22, 2002).

acting as an agent of change; and forming problem-solving partnerships with its clients, residents, communities, and local government leadership. (See fig. 1.) Even with staffing shortages, the field office directors we interviewed said that they were meeting the goal of using risk assessment techniques to focus oversight efforts. In June 2002, PIH officials said that some new hiring in field offices had moved the numbers of staff on board closer to REAP-recommended ceilings.

Figure 5: PIH Staff On Board as a Percentage of REAP Ceilings



Source: PIH Staffing Plan, September 30, 2001.

We received the following comments from directors of a public and a Native American housing field office on how staffing shortages sometimes had a negative impact on their ability to contribute to PIH's goals:

- We never have enough time to do all of the technical assistance that needs to be done. We are responsible for providing oversight and technical assistance to 38 public housing authorities, including small offices that require greater assistance than the larger, better-staffed and equipped offices. We generally visit about 25 public housing authorities a year to conduct oversight reviews and provide technical assistance. We used to

have a set cycle on which all of our housing authorities received visits, but current workload and staffing levels do not allow the time.

Staff we interviewed in field offices and centers provided specific examples of work that they could not complete or complete in a timely manner because of staffing shortages. The work included prompt response to correspondence from customers that required research of laws and regulations, writing program regulations and guidance, tracking audit findings to ensure that corrective actions were taken by housing authorities, and closing out files on completed projects. One staff member who was hired to help meet the goal of building community partnerships with active outreach efforts said he had been used instead “to do whatever needs doing the most at the moment, including information systems management, managing grants applications, and doing compliance reviews.”

A grants manager described the impact of staffing shortages on her workload and her customers as follows:

- When tribal housing office staff call with questions, I sometimes only have enough time to refer them to a handbook page to read. As a result, the plans submitted to us need more rework than they would have if we could have spent the time to be more helpful on the front end. Staffing shortages and workload imbalances have prevented us from having the chance to really improve customers’ operations.

Six of the seven field office and center managers we interviewed agreed that the workloads in their offices were much more or somewhat more than could be handled at current staffing levels. Twenty of the 34 professional staff we interviewed at PIH locations around the country described their workloads as somewhat or much more than they could handle during normal business hours. Fourteen of the 18 public housing revitalization specialists and Office of Native American Programs grants management and evaluation specialists—the PIH staff who are first-line contacts with public housing authority staff—described their workloads as somewhat or much more than they could handle. Two of these staff said that they were too new to their positions to assess the workload, and two staff said the workload was about right.

Skill Gaps and Uncertainties About What Work Should Be Done and Who Should Do It Exacerbate Staffing Shortages

Three directors of public housing and Native American program field offices said that they have skill gaps in their offices that exacerbate the staffing shortages they are experiencing. Among the areas where they said expertise is lacking are facilities management; demolitions; real estate development; and financing, particularly mixed financing using public and private funding to develop housing. One director noted “We do not have a level of expertise here that could be defined as ‘highly skilled.’ I would say that my staff has about three-fourths of the knowledge we need.”

Moreover, most of the field office directors we interviewed said that they expect the skill gaps to worsen over the next several years because of retirements of knowledgeable staff. Almost half of all PIH staff and over half of PIH staff in such positions as public housing revitalization specialist, financial analyst, and Native American program administrator are projected to be eligible to retire by August 2003. The following are comments we received from managers and staff in two field offices:

- The youngest professional staff person here is 48 years old, and the average age is 52. Almost all of our staff will be eligible to retire in the next 3 to 5 years.
- Fourteen of our 31 staff could retire within 5 years. The impact could be horrible, in terms both of the number of bodies to do the work and the brain drain of knowledge, skills, and abilities that take years to develop. It takes a long time to become good at interacting effectively with our tribal communities.

Interviews with managers and staff of PIH offices also identified uncertainties about what work should be done and the best mix of staff knowledge, skills, and abilities to do it. For example, all of the directors of public housing and Native American program field offices we interviewed said that they used risk assessment techniques to focus oversight. However, some managers and staff in field offices said they were uncertain about the appropriate level of monitoring and technical assistance to provide to their customers. PIH offices had no standard methods of assigning levels of technical assistance and oversight based on risk. One manager noted that each field office develops an annual monitoring plan based on projections of what can be accomplished with the staff on board. Although practical considerations require this type of planning, more comprehensive, futuristic workforce planning discussions are necessary to deal with questions on the desirable level of monitoring and technical assistance to ensure that housing authorities use HUD funds to provide the best possible service to public housing residents and other customers.

Conclusions

Strategic workforce planning is a major challenge for HUD. We have found that high-performing organizations address this human capital challenge by identifying their current and future needs—including the appropriate number of employees, the key competencies for mission accomplishment, and the appropriate deployment of staff across the organization—and then create strategies for identifying and filling the gaps. Because HUD has not addressed all of these elements of strategic workforce planning, it does not know what work its staff should be doing now and in the future to meet its strategic goals; what knowledge, skills, and abilities its staff needs to do this work; the capabilities of the current staff; what gaps exist in skills, competencies, and developmental needs; and what its recruitment and hiring strategy should be.

Without a comprehensive workforce plan, HUD is not fully prepared to recruit and hire the people it needs to pursue its mission—an issue made critical by its estimate that about half of its professional staff and nearly 60 percent of its highest-graded GS employees will be eligible to retire by August 2003.

Recommendation

We are recommending that the Secretary of HUD develop a comprehensive strategic workforce plan that is aligned with its overall strategic plan and identifies the knowledge, skills, and abilities HUD needs and the actions that it plans to take to build its workforce for the future.

Agency Comments

In commenting on a draft of this report, the HUD Assistant Secretary for Administration said that HUD recognizes the need for additional workforce planning, as we recommended, and did not disagree with our report. She also provided information on several HUD efforts to address the elements of a comprehensive workforce plan that we discussed in our report. For example, she said that HUD has established a Human Capital Management Executive Steering Committee, consisting of representatives from all HUD program areas, to develop a five-year strategic plan to focus on human capital issues. She also said that the HUD Training Academy started several initiatives to support workforce planning, including leadership and development training for new supervisors, aspiring supervisors, and managers. In addition, according to the Assistant Secretary for Administration, HUD is in the process of completing an effort to redeploy field office staff so they are in positions where their skills can best be used to meet program needs. HUD's comments are reprinted in appendix II.

Scope and Methodology

To determine how HUD uses workforce planning to guide recruiting and hiring, we analyzed documentation and interviewed officials. Our documentation analyses included our prior reports; NAPA studies; REAP results; HUD strategic plans, budget justifications, and workforce planning reports; and HUD IG reports. We interviewed headquarters PIH and Human Resource officials.

To determine how PIH managers and staff believe workforce planning issues affect PIH's ability to meet its strategic goals, we analyzed strategic planning documents and interviewed PIH managers at HUD headquarters. We pretested and conducted structured interviews with managers and staff at four PIH field locations: public housing offices in Philadelphia, PA; Jacksonville, FL; and San Francisco, CA; and an office of Native American programs in Phoenix, AZ. We also visited several PIH-directed centers that HUD established beginning in 1997 as part of its 2020 management reform effort to consolidate operations that had previously been done in HUD field offices. Centers we visited were the Grants Management and Financial Management Centers in Washington, D.C.; and a Troubled Agency Recovery Center in Cleveland, OH. In consultation with PIH's acting directors of field operations and Native American programs, we judgmentally selected the offices we visited to include a mix of geographical locations, office sizes, and type of work performed in consultation with PIH's acting directors of field operations and Native American programs. At each of the locations, we interviewed professional employees who were from six professional job classifications and were available to talk with us. The results of our interviews cannot be generalized to PIH overall. Table 1 lists the professional positions from which we selected staff to interview in PIH field offices and centers and describes some of their duties.

Table 1: Professional Staff We Interviewed

Professional position	Duties
Public housing revitalization specialists in field offices, Public Housing Investments Office, and Troubled Agency Recovery Center.	Front-line contact with Public Housing Authority staff. In field offices, responsible for providing technical assistance, monitoring, and oversight of assigned housing authorities. In Troubled Agency Recovery Center, responsible for identifying problems and causes of problems at housing agencies designated as troubled and developing and implementing an intervention strategy to deal with the problems identified.
Grants management specialist	Front-line contact with tribally designated housing entities in Native American communities. Duties including reviewing housing plans, responding to inquiries, and providing technical assistance on HUD programs that are specific to Native Americans.
Grants evaluation specialist	Front-line contact with tribally designated housing entities in Native American communities. Duties include doing monitoring visits and evaluations of housing

Professional position	Duties
	programs specific to Native Americans.
Native American program specialist	Duties include proactive outreach to tribally designated housing entities and Native American communities.
Financial analyst in field offices and Financial Management Center	In field offices, manage financial aspects of technical assistance, monitoring, and oversight. In the Financial Management Center, do work related to the review and approval of HUD Section 8 program financial documents related to assisted housing programs. Duties include reviewing budgets and financial statements and scheduling payments.
General engineer	Advisor and point of contact on engineering matters. Duties include analyzing data on program compliance and performance operations.

Source: HUD position descriptions.

We did our work between September 2001 and July 2002 in accordance with generally accepted government auditing standards.

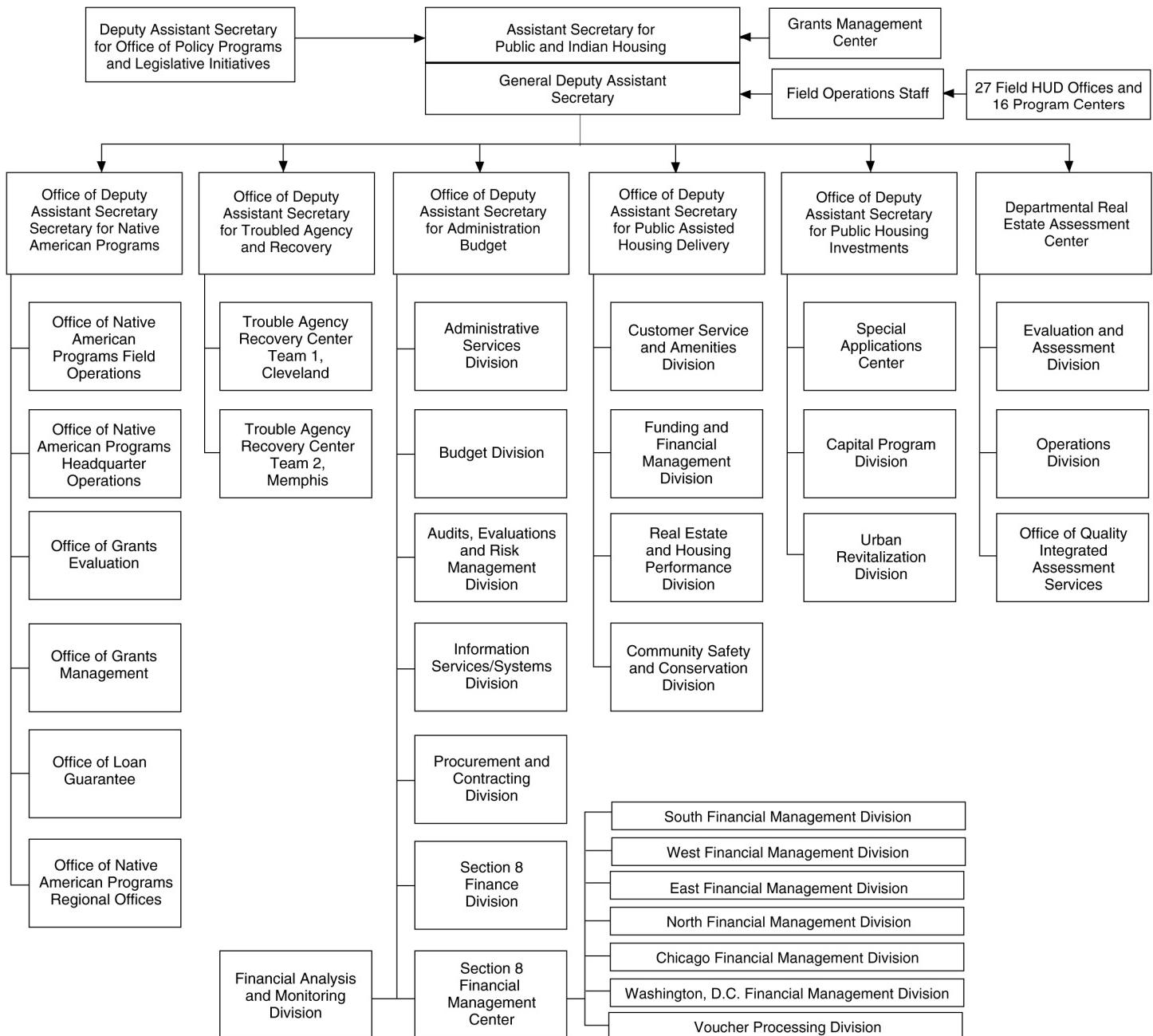
As arranged with your office, we are sending copies of this report to the Secretary, Department of Housing and Urban Development. We will also make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please call me at (202) 512-2834. Key contacts and major contributors to this report are listed in appendix III.



Stanley J. Czerwinski
Director, Physical Infrastructure Issues

Appendix I: PIH's Organization



Source: PIH.

Appendix II: Comments from the Department of Housing and Urban Development



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-3000

OFFICE OF THE ASSISTANT SECRETARY
FOR ADMINISTRATION

Mr. Stanley J. Czerwinski
Director, Physical Infrastructure Issues
U.S. General Accounting Office
Washington, DC 20548

JUL 16 2002

Dear Mr. Czerwinski:

Thank you for the opportunity to provide comments on the proposed report entitled "HUD Human Capital Management: Comprehensive Strategic Workforce Planning Needed" (GAO-02-839). We have reviewed the proposed draft report and find the report to be acceptable. We have the following comments:

- Implementation of a Resource Estimation and Allocation Process (REAP) began in August 2000 for the Department. REAP assessed HUD's staffing requirements and included a detailed, analytic process of defining the work of each program office. This information, along with (1) the mission of HUD, (2) HUD's priorities, and (3) workforce profile information, was analyzed to determine the Department's immediate needs. In conjunction with other human capital efforts, the Department will continue to use this data for future analysis and strategic planning. The Department recognizes that it has an aging workforce with a large percentage eligible for retirement. Thus, the need for additional workforce analysis is appropriate.
 - HUD is currently in the process of further refining and developing a comprehensive strategic workforce plan that will guide its recruiting, hiring, and other key human capital efforts. A Human Capital Management Executive Steering Committee, consisting of representatives from all HUD program areas, has been established to develop a five-year strategic plan to focus on the following critical human capital issues: current and future Departmental staffing level requirements; organizational de-layering; supervisor to employee ratios; and, redirecting positions towards service delivery. In developing this strategic plan, the actions of the Executive Steering Committee will include a careful and comprehensive workforce examination and analysis to identify and confirm mission-critical positions, skills imbalances, and an assessment of the organizational impact and potential risks associated with the retirement eligibility of the existing staff, at all locations, for the core business functions of the Department. These reviews also require an assessment of management's plans to use training and development of existing staff, new intern hires, and external recruitment to ensure that the Department has an adequate and capable workforce to carry out its mission well into the future.

- In addition, the HUD Training Academy has launched several initiatives to support workforce planning. Studies have been conducted to identify mission-critical positions in the core business programs. Core competencies were developed for these positions to assist in addressing skills imbalances and employee training needs for both program technical training and career advancement. Accordingly, many training resources are readily available to employees, via desktop applications, the HUD Virtual University, and Career Resource Centers. A new program, Operation Brain Trust, engages seasoned HUD staff to share their institutional knowledge and professional experiences by providing technical training to HUD employees. Leadership and developmental training for new supervisors, aspiring supervisors, and managers is a departmental priority. A Senior Executive Candidate Development Program has been established with a comprehensive training and development strategy, approved by the Office of Personnel Management (OPM). The first class of program participants was recently completed with eight candidates approved by OPM.
- Finally, HUD is in the process of completing a months-long effort at redeploying staff in HUD field offices. This effort was designed to assess the program delivery needs of the Department and match those needs with staff who possess the skills sets that best meet the program needs. To facilitate this change, revisions to personnel management delegations of authority are also underway. In addition to aligning employee skills with program needs, the redeployment effort attempts to move staff closer to the customers.

Although much work remains to be done, the work described above demonstrates that HUD is in the process of taking specific actions designed to address each of the elements of strategic workforce planning as described in the GAO Human Capital Management Report.

If you have any questions, please contact Glennel M. Cooper, Director, Office of Budget and Administrative Support, on (202) 708-1583.

Sincerely,



Vickers B. Meadows
Assistant Secretary for Administration

JUL 16 2002

Appendix III: GAO Contacts and Staff Acknowledgments

GAO Contacts

Stan Czerwinski (202) 512-6520
Susan Campbell (202) 512-6790

Acknowledgments

In addition to those individuals named above, Deborah Knorr and Gretchen Pattison made key contributions to this report.

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